



News Release

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Verizon reports strong start to 2021 as company accelerates 5G growth

Strong financial and operational performance highlighted by growth in wireless service revenue, wireless equipment revenue and total Fios Internet net additions

1Q 2021 highlights

Consolidated:

- \$1.27 in earnings per share (EPS), compared with \$1.00 in 1Q 2020; adjusted EPS (non-GAAP), excluding a special item, of \$1.31, compared with \$1.26 in 1Q 2020.
- Operating revenue increase of 4.0 percent from first-quarter 2020.
- Net income of \$5.4 billion, an increase of 25.4 percent from first-quarter 2020, and adjusted EBITDA (non-GAAP) of \$12.2 billion, an increase from \$11.9 billion in first-quarter 2020.

Consumer:

- Total revenue of \$22.8 billion, an increase of 4.7 percent year over year.
- 326,000 retail postpaid net losses, including 225,000 phone net losses.
- Total retail postpaid churn of 0.97 percent, and retail postpaid phone churn of 0.77 percent.

- 98,000 Consumer Fios Internet net additions, an increase from 59,000 Consumer Fios Internet net additions in first-quarter 2020, and 102,000 total Fios Internet net additions, the most first quarter total Fios Internet net additions since 2015.

Business:

Total revenue of \$7.8 billion, an increase of 1.3 percent year over year.

156,000 retail postpaid net additions, including 47,000 phone net additions.

Total retail postpaid churn of 1.24 percent, and retail postpaid phone churn of 1.01 percent.

Total Wireless:

Total wireless service revenue of \$16.7 billion, a 2.4 percent increase year over year.

170,000 retail postpaid net losses, including 178,000 phone net losses.

Total retail postpaid churn of 1.03 percent, and retail postpaid phone churn of 0.81 percent.

NEW YORK - Verizon Communications Inc. (NYSE, Nasdaq: VZ) today reported strong first-quarter 2021 results highlighted by wireless service revenue growth, increased cash flow and the most first quarter total Fios Internet net additions since 2015.

“Verizon is off to an excellent start in 2021 as we met the challenge of intense competition in the first quarter by achieving revenue growth across our three business segments,” said Verizon Chairman and CEO Hans Vestberg. “This year began with a transformative milestone for our company with our success in the recent C-Band spectrum auction. We continue to strengthen our networks, execute on our Network-as-a-Service strategy and focus on the five vectors that underpin our growth framework and position us to deliver success in 2021 and beyond.”

For first-quarter 2021, Verizon reported EPS of \$1.27, compared with \$1.00 in first-quarter 2020. On an adjusted basis (non-GAAP), first-quarter 2021 EPS, excluding a special item, was \$1.31, compared with adjusted EPS of \$1.26 in first-quarter 2020.

First-quarter 2021 EPS included a pre-tax loss from a special item of about \$223 million related to the sale of certain wireless licenses. First-quarter 2021 EPS and adjusted EPS included a negative 3 cent impact from the company's recall of Ellipsis Jetpack units.

“The strength in our core business is driving higher revenues and strong demand for our products and services,” said Verizon Chief Financial Officer Matt Ellis. “We delivered strong operational and

financial performance, giving us positive momentum as we end the first quarter. High quality, sustainable wireless service revenue growth, a recovery in wireless equipment revenues, strong Fios momentum and excellent Verizon Media trends led the way."

Consolidated results

- Total consolidated operating revenues in first-quarter 2021 were \$32.9 billion, up 4.0 percent from first-quarter 2020. This increase reflects the strength in Verizon's core business, and sets the stage for the company to fully capitalize on the opportunities in the marketplace while giving it excellent momentum relative to its full year adjusted EPS guidance (non-GAAP).
- In 2018, Verizon announced a goal to achieve \$10 billion in cumulative cash savings by the end of 2021. At the end of first-quarter 2021, the company achieved its goal, ahead of its target. Verizon will continue to create additional savings opportunities going forward through ongoing cost efficiency activities.
- Cash flow from operations totaled \$9.7 billion in first-quarter 2021, an increase of approximately \$900 million year over year, driven by the company's continued operational discipline and net benefits from its liability management activities which lowered borrowing rates from last year.
- First-quarter 2021 capital expenditures were \$4.5 billion, including approximately \$40 million of C-Band related items. Capital expenditures continue to support the growth in traffic on the company's 4G LTE network and the continued expansion of the company's 5G Ultra Wideband and nationwide networks.
- The company ended first-quarter 2021 with free cash flow (non-GAAP) of \$5.2 billion, an increase from \$3.6 billion in first-quarter 2020.
- In first-quarter 2021, Verizon made payments of approximately \$45 billion to the FCC for spectrum won at the recently completed C-Band auction. To finance this purchase, the company raised \$12 billion in fourth-quarter 2020, and more than \$31 billion in March 2021. As part of its \$25 billion U.S. financing, Verizon worked with nine firms that are either minority-owned, women-owned, or veteran or disabled veteran-owned, adding to its long history of partnering with diverse firms on capital market transactions.
- Verizon's unsecured debt balance increased year over year by \$42.9 billion to \$147.6 billion in first-quarter 2021, and the company's net unsecured debt (non-GAAP) increased by \$39.7 billion year over year to \$137.4 billion. Verizon's net unsecured debt to adjusted EBITDA ratio (non-GAAP) was 2.9 times. Based on current cash flow assumptions, the company expects its net unsecured debt to adjusted EBITDA ratio (non-GAAP) to be approximately 2.8 times by the end of 2021.

Consumer results

- Total Verizon Consumer revenues were \$22.8 billion, an increase of 4.7 percent year over year, primarily driven by higher phone activations. This included Consumer wireless equipment revenues of \$4.2 billion, an increase of 24.1 percent from first-quarter 2020.

- In first-quarter 2021, Consumer reported 326,000 wireless retail postpaid net losses. This consisted of 225,000 phone net losses and 171,000 tablet net losses, offset by 70,000 other connected device net additions.
- Consumer wireless service revenues were \$13.7 billion in first-quarter 2021, a 1.5 percent increase year over year, driven by the continued adoption of wireless unlimited and premium unlimited plans.
- Total retail postpaid churn was 0.97 percent in first-quarter 2021, and retail postpaid phone churn was 0.77 percent.
- Consumer reported 98,000 Fios Internet net additions in first-quarter 2021, an increase from 59,000 Fios Internet net additions in first-quarter 2020. Total Fios Internet net additions in first-quarter 2021 were 102,000, the most first quarter total Fios Internet net additions since 2015. Consumer reported 82,000 Fios Video net losses in first-quarter 2021, reflecting the ongoing shift from traditional linear video to over-the-top offerings. The company's broadband subscriber growth, combined with an upward shift in speed tiers, more than offset pressure from secular video trends and is expected to continue to drive solid revenue performance.
- In first-quarter 2021, Consumer segment operating income was \$7.5 billion, an increase of 3.3 percent year over year, and segment operating income margin was 33.0 percent, a decrease from 33.5 percent in first-quarter 2020. Segment EBITDA (non-GAAP) totaled \$10.4 billion in first-quarter 2021, an increase from \$10.1 billion in first-quarter 2020. Segment EBITDA margin (non-GAAP) was 45.5 percent in first-quarter 2021, a decrease from 46.4 percent in first-quarter 2020 as a result of the higher equipment volumes.

Business results

Total Verizon Business revenues were \$7.8 billion, up 1.3 percent year over year, the highest rate of growth since the company's new operating structure was introduced in 2019. Strong wireless service growth offset secular pressure in wireline.

Business reported 156,000 wireless retail postpaid net additions in first-quarter 2021. This consisted of 47,000 phone net additions and 79,000 tablet net additions.

Business wireless service revenues were \$3.1 billion in first-quarter 2021, a 6.2 percent increase year over year.

Total retail postpaid churn was 1.24 percent in first-quarter 2021, and retail postpaid phone churn was 1.01 percent.

In first-quarter 2021, Business segment operating income was \$899 million, a decrease of 5.8 percent year over year, and segment operating income margin was 11.6 percent, a decrease from 12.4 percent in first-quarter 2020. Segment EBITDA (non-GAAP) totaled \$1.9 billion in first-quarter 2021, a decrease from \$2.0 billion in first-quarter 2020. Segment EBITDA margin (non-GAAP) was 24.6 percent, a decrease from 25.6 percent in first-quarter 2020.

Media results

- Total Verizon Media revenues were \$1.9 billion in first-quarter 2021, up approximately 10.4 percent year over year. This was the second consecutive quarter of double-digit year over year growth for Verizon Media. Growth in the quarter was fueled by strong advertising trends growing 26 percent year over year, and revenue from owned and operated platforms growing 13 percent year over year.

Outlook and guidance

For 2021, Verizon expects the following:

- Service and other revenue growth of at least 2 percent, including total wireless service revenue growth of at least 3 percent.
- Adjusted EPS (non-GAAP) of \$5.00 to \$5.15.
- Adjusted effective income tax rate (non-GAAP) in the range of 23 percent to 25 percent.
- Capital spending to be in the range of \$17.5 billion to \$18.5 billion, including the further expansion of 5G mmWave in new and existing markets, the densification of the 4G LTE wireless network to manage future traffic demands and the continued deployment of the company's fiber infrastructure. Expenditures related to the deployment of the company's C-Band 5G network will be in addition to this amount, and are expected to be approximately \$10 billion over three years, with \$2 billion to \$3 billion expected in 2021.

NOTE: See the accompanying schedules and www.verizon.com/about/investors for reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures cited in this document.

Verizon Communications Inc. (NYSE, Nasdaq: VZ) was formed on June 30, 2000 and is one of the world's leading providers of technology, communications, information and entertainment products and services. Headquartered in New York City and with a presence around the world, Verizon generated revenues of \$128.3 billion in 2020. The company offers data, video and voice services and solutions on its award-winning networks and platforms, delivering on customers' demand for mobility, reliable network connectivity, security and control.

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Forward-looking statements

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "expects," "hopes," "forecasts," "plans" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The

following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the "SEC"), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: cyber attacks impacting our networks or systems and any resulting financial or reputational impact; natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial or reputational impact; the impact of the global outbreak of COVID-19 on our operations, our employees and the ways in which our customers use our networks and other products and services; disruption of our key suppliers' or vendors' provisioning of products or services, including as a result of the COVID-19 outbreak; material adverse changes in labor matters and any resulting financial or operational impact; the effects of competition in the markets in which we operate; failure to take advantage of developments in technology and address changes in consumer demand; performance issues or delays in the deployment of our 5G network resulting in significant costs or a reduction in the anticipated benefits of the enhancement to our networks; the inability to implement our business strategy; adverse conditions in the U.S. and international economies; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our business; our high level of indebtedness; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; and changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.